

EXHIBIT 8

1 IN THE UNITED STATES DISTRICT COURT
2 DISTRICT OF MINNESOTA
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7 CIVIL NO.: 18-1776 (JRT/HB)
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10 IN RE PORK ANTITRUST LITIGATION
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12 This Document Relates to:
13 All Actions
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19 HIGHLY CONFIDENTIAL

20 REMOTE VIDEO DEPOSITION TESTIMONY OF:

21 STEVE MEYER, Ph.D.

22 April 26, 2022
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1 paragraph states that "To function
2 efficiently, the U.S.-Canadian pork
3 sector must be a well-tuned interaction
4 of mainly independent businesses. Input
5 suppliers, producers, packers,
6 processors, retailers and foodservice
7 operators must all be 'on the same page'
8 in order to deliver to consumers the
9 correct quantity of pork products with
10 the right characteristics in a timely
11 manner."

12 Can you explain what you meant
13 by that?

14 A. Well, it's a multilevel market
15 supply chain where one level doesn't make
16 the decisions for the next level, whether
17 that be producers for packers or packers
18 for producers or any -- any pair up and
19 down the thing. So it is -- it's kind of
20 one of those Adam Smith magical hand that
21 guides this industry. And it's based on
22 a knowledge of what's going on in the
23 industry and having good information
24 about what's going on in the industry
25 that everybody tries to make decisions

1 that optimizes their own business and
2 delivers good quality products, the right
3 amount of quality products to consumers.
4 So it's always been kind of an amazement
5 to me that the whole thing works together
6 as well as it does, given that everyone's
7 making their own decisions.

8 Q. And if we go to page 35 of
9 the -- of the article, so this is the
10 second page of the document.

11 A. Yes, sir.

12 Q. Yes. And if we under the
13 header, "Importance of Packing Capacity,"
14 there's a paragraph that starts,
15 "Furthermore."

16 A. Uh-huh.

17 Q. And it says: "Furthermore, no
18 one in the packing-processing sector
19 decides how much to produce. That
20 decision rests solely with the people who
21 breed and farrow sows."

22 Is that true?

23 A. Yes, it is. I mean --

24 MR. CARTER: Object to form.

25 Q. And was that -- that was true at

1 the time you wrote it, and does it remain
2 true today?

3 A. It's true today.

4 MR. CARTER: Objection to form.

5 A. It's true today. The total
6 volume decision of pigs coming to market
7 and pork production -- not exactly pork
8 production, but for sure pigs coming to
9 market is determined by decisions to
10 breed sows. And 10 months later or 11
11 months later, we have market hogs out of
12 those. We have never left a pig alive
13 out in the field that we said, well,
14 we're just not going to kill that many
15 pigs this -- and so we've left them out
16 there. The packers process all the pigs
17 that come to market. And the question at
18 times can be what price prevails when
19 that happens. Because sometimes, there
20 are too many pigs and sometimes there are
21 not enough. But they all get processed.
22 And so the quantity decision in the pork
23 industry is made by those people that
24 breed sows.

25 There is one variable that --

1 well, there's more than one variable.
2 There's several variables that affect the
3 outcome of that. One of them would be
4 disease situations. Another would be the
5 chosen market weight, because you can
6 change the amount of pork production
7 based on how heavy the hogs are at
8 slaughter, but that doesn't vary much
9 other than seasonal variation and some
10 trend growth over time. So the key
11 decision on how many pigs we will harvest
12 and how much pork we will produce is made
13 every week by producers that breed sows
14 that will farrow in four months and those
15 pigs will come to market in six months
16 after that.

17 Q. And so for those producers
18 making that decision of how many sows to
19 farrow and how many pigs to raise, is
20 there a benefit to them of understanding
21 the capacity, the daily slaughter
22 capacity of the packer processors?

23 MR. CARTER: Object to form.

24 A. Absolutely. Knowing what the
25 capacity of the industry is, is one of

1 MR. CARTER: Object to form.

2 A. Absolutely. Yes.

3 Q. And I want to orient you to the
4 second page of the document at the top.
5 You say: "I hold my packer friends in
6 high regard but they hardly ever (if
7 ever!) bid for hogs out of any sense of
8 altruism." You see that?

9 A. Yes.

10 Q. And I just want to make sure I
11 understand the context for this. So
12 we've established that there are packers
13 that produce some of their own hogs, and
14 then there are independent farmers that
15 produce some of their own hogs.

16 A. That's correct.

17 Q. Do you recall that testimony?

18 A. Yes.

19 Q. And for an independent farmer
20 producing hogs, do they sell those hogs
21 to packers for slaughter?

22 A. Yes, they do.

23 MR. CARTER: Object to form.

24 Q. And so if the farmer is selling
25 the hogs, are the packers buying the

1 hogs?

2 A. Yes.

3 MR. CARTER: Object to the form.

4 A. Yes, in -- yes.

5 Q. And forgive me if this seems
6 overly simple, but I think it's an
7 important point, and I want to make sure
8 I understand. But for the farmers
9 selling hogs, are they trying to get the
10 highest price they can for the pigs
11 they're selling?

12 A. Absolutely.

13 MR. CARTER: Objection to form.

14 Q. And are the packers trying to
15 pay as little as possible for the hogs
16 that they're buying?

17 MR. CARTER: Object to form.

18 A. Yes. They would be trying to
19 buy them at the most affordable price
20 they can.

21 Q. And so this is a
22 supplier-customer relationship between
23 independent producers and the packers.
24 Is that -- is that right?

25 A. Yes.

1 MR. CARTER: Object to form.

2 Q. One is trying to sell as high as
3 they can, and the other is trying to buy
4 as low as they can. Is that how --

5 MR. CARTER: Object to form.

6 Q. -- that dynamic works?

7 A. Yes.

8 Q. And in this kind of
9 relationship, their interests are
10 colliding against one another. Is that a
11 fair summary?

12 MR. CARTER: Object to form.

13 A. I would call that a rivalrous --
14 a market rivalry, yes.

15 Q. And it's the packers' -- is it
16 the packers' interest to, in general,
17 lower the price of hogs as an input for
18 their packing operations?

19 MR. CARTER: Object to form.

20 A. I would argue it's always in the
21 short-term interest of packers to buy
22 hogs at lower prices. Their longer-term
23 interest might actually be harmed by
24 doing that because if those prices stay
25 low enough for long enough, some

1 producers will go out of business, and
2 then the supply of pigs that the packer
3 has the chance to buy will go down. So
4 in the short run, the answer is
5 absolutely yes because it contributes to
6 the bottom line. In the longer run, it
7 may not be.

8 Q. You mentioned the -- there's a
9 couple of bullet points underneath the
10 chart.

11 A. Uh-huh.

12 Q. And the first -- well, let's go
13 to the second bullet point.

14 MR. COLEMAN: I'm sorry, Kyle.

15 Q. Second bullet point, first line.
16 It says, "The four most significant down
17 spikes all correspond to periods of high
18 packing capacity utilization."

19 A. Yes.

20 Q. And by -- what -- by "down
21 spikes," are you referring to the price
22 of hogs sold by farmers to packers?

23 A. Well --

24 MR. WHEELER: Objection,
25 leading.

1 A. That's generally correct. But
2 in this chart, it's the price of hogs
3 relative to the cutout value, or the
4 value of the carcass being produced by
5 the packers. So this is a percentage of
6 the cutout value that I'm referring to in
7 this chart.

8 Q. Let's flip to Figure 2 on the
9 next page. Can you explain what Figure 2
10 is showing?

11 A. Well, this would have been as of
12 May 2017 again. And so what I'm
13 delineating here is what are the planned
14 increases of packing capacity on a weekly
15 and annual basis over the next couple of
16 years. And you can see that we had a
17 small plant at Pleasant Hope, Missouri,
18 which opened in the fall of 2016. We had
19 a small plant at Windom, Minnesota, which
20 opened in the fall of '17, as did the two
21 big plants that I alluded to earlier in
22 Sioux City, Iowa, and Coldwater,
23 Michigan. And then we had another plant
24 that at that time was in the planning
25 stages that in fact did open in the

1 spring of 2018, that one being Wright
2 County, Iowa. So I'm trying to delineate
3 for producers and packers and all
4 industry participants what the coming
5 changes in packing capacity would mean
6 and how many -- how many head per week
7 those plants could handle and what the
8 comparison of that head per week would
9 have been compared to the fall of '15 and
10 the fall of '16, which were two of the
11 time periods with down spikes on the
12 previous graph when we had very tight
13 packing capacity situations.

14 Q. And if -- in Figure 2, in that
15 first column, we have some references to
16 locations.

17 A. Yes.

18 Q. Pleasant Hope, Missouri, do you
19 know, is that a ref- -- and are all of
20 these references to packing facilities?

21 A. Yes, they are.

22 MR. WHEELER: Objection to form.

23 A. The cities where they're
24 located, yeah.

25 Q. And Pleasant Hope, Missouri, do